

AMENDED IN ASSEMBLY JANUARY 22, 2004

AMENDED IN ASSEMBLY JANUARY 5, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 672

Introduced by Assembly Member Montanez

February 19, 2003

An act to amend Section 51504 of the Health and Safety Code, relating to affordable housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 672, as amended, Montanez. Housing: downpayment assistance and mortgages.

Existing law establishes the Homebuyer's Down Payment Assistance Program administered by the California Housing Finance Agency to assist first-time low- and moderate-income homebuyers. It requires downpayment assistance to include, but not be limited to, a deferred-payment, low-interest, junior mortgage loan and limits the amount of downpayment assistance to 3% of the homes sales price.

This bill would authorize the amount of downpayment assistance to not exceed 5% of the purchase price or the appraised value, whichever is less, of a home within an infill of opportunity zone, as defined.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 51504 of the Health and Safety Code is amended to read:

51504. (a) The agency shall administer a downpayment assistance program that includes, but is not limited to, all of the following:

(b) Downpayment assistance shall include, but not be limited to, a deferred-payment, low-interest, junior mortgage loan to reduce the principal and interest payments and make financing affordable to first-time low- and moderate-income homebuyers.

(c) The amount of downpayment assistance shall not exceed 3 percent of the home sales price, except for a home within an infill opportunity zone, as defined in Section ~~65088~~ 65088.1 of the Government Code. The amount of downpayment assistance for a home within an infill opportunity zone shall not exceed 5 percent of the purchase price or the appraised value, whichever amount is less, of the home. The borrower of the downpayment assistance shall provide the lender originating the loan with a certification from the local government agency administering the infill opportunity zone that states that the property involved in the loan transaction is within the boundaries of the infill opportunity zone.

(d) The amount of downpayment assistance shall be secured by a deed of trust in a junior position to the primary financing provided. The term of the loan for the downpayment assistance shall not exceed the term of the primary loan.

(e) The amount of the downpayment assistance shall be due and payable at the end of the term or upon sale of or refinancing of the home. The borrower may refinance the mortgages on the home provided the principal and accrued interest on the junior mortgage loan securing the downpayment assistance are repaid in full. All repayments shall be made to the agency to be reallocated for the purposes of this chapter.

(f) The agency may use up to 5 percent of the funds appropriated by the Legislature for purposes of this chapter to administer this program.

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